



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 1998

S. 555

Leaking Underground Storage Tank Trust Fund Amendments Act of 1998

*As ordered reported by the Senate Committee on Environment and Public Works
on September 23, 1998*

SUMMARY

S. 555 would direct the Environmental Protection Agency (EPA) to distribute to states at least 80 percent of the money appropriated to the agency from the Leaking Underground Storage Tank (LUST) Trust Fund each fiscal year. The bill also would allow two new uses for federal funds appropriated from the LUST fund, which could lead to a significant increase in discretionary spending. CBO has no basis for predicting whether or to what extent the Congress might increase appropriations to accommodate the possible new uses of balances in the LUST fund.

Enacting S. 555 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Under this bill, states could use LUST grant money to help fund state programs that pay for the cost of cleaning up leaks from regulated underground storage tanks or to compensate tank owners for the cost of conducting such cleanups. States also would be authorized to use federal funds to enforce federal standards for preventing leaks from underground storage tanks. Because the gap between existing resources and state cleanup needs is large, there could be significant demand for federal assistance under this bill.

In 1998, \$65 million was appropriated from the LUST fund for EPA's administration and oversight of the program, and for funding cooperative agreements with state LUST programs. Under these cooperative agreements, most funds are spent on oversight of cleanups conducted by private parties, although some funds may be used to finance cleanups directly when no financially viable private party exists. Most states operate state assurance funds, separate from the federal LUST program, to conduct cleanups and to reimburse owners and operators of underground tanks for cleanup costs. The most recent data collected by the states indicates that annual receipts to state assurance funds are about \$1.2 billion, and current balances in these funds amount to about \$1.3 billion. The assurance funds face outstanding claims of \$2.8 billion from tank owners and operators seeking compensation for cleanups already conducted. According to EPA, the average cleanup under the LUST program costs \$125,000 and there are over 170,000 underground tanks currently undergoing or awaiting cleanup over the next decade. Thus, current cleanup needs may exceed \$20 billion, and the demand for additional monies from the federal LUST fund could total hundreds of millions of dollars annually for many years.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. By requiring EPA to distribute to the states at least 80 percent of the money appropriated to the agency from the LUST fund each year, the bill would assure states of a specified minimum proportion of available funds. (According to EPA, the percentage of the annual appropriated amounts that states have received since 1989 has ranged from 81 percent to 89 percent). As described above, the bill would also grant states more flexibility in using those funds.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill would impose no new private-sector mandates as defined in UMRA.

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